



San Diego Unified
SCHOOL DISTRICT

Linda Hippe, CPPB
Senior Contracts Specialist
Strategic Sourcing and Contracts Department
P - 858-522-5831
F - 858-522-5885
lhippe@sandi.net

October 10, 2014

**NO. CZ-15-0292-57 – HIGH SCHOOL CAMPUS AND GYMNASIUM AT O’FARRELL
CHARTER SCHOOL**

DEADLINE DATE: OCTOBER 15, 2014 AT 1:00 P.M.

ADDENDUM TO BID NO. 6

Please note the following revisions for the above referenced bid:

Changes made by the District:

1. Revisions to Special Conditions. Replace pages SC-1, 2, and 8 only.
2. Documents from Project Stabilization Agreement (PSA) office.

Changes made by the AOR:

1. None.

Revisions have been **bolded**, *italicized*, or struck through. Please include this addendum in your original bid documents and acknowledge Addendums 1, 2, 3, 4, 5, and 6 on your Bid Proposal Form. ***NO FURTHER RFIS WILL BE ACCEPTED FOR THIS BID.*** If you have questions regarding this bid or the revisions, please contact me at (858) 522-5831.

Sincerely,

A handwritten signature in blue ink that reads "Linda Hippe".

Linda Hippe, CPPB
Senior Contract Specialist

c: Clayton Kraft

1. INSURANCE

A. Contractor's Insurance

Contractor shall procure and maintain for the duration of the contract and warranty period insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by Contractor, his agents, representatives, employees or subcontractors.

B. Minimum Scope of Insurance

1. Coverage shall be at least as broad as:

- a. Insurance Services Office (ISO) Commercial General Liability coverage (occurrence Form CG 00 01) or Insurance Services Office Form (CG 00 09 11 88 Owners and Contractors Protective Liability Coverage Form – Coverage for Operations of Designated Contractor.
- b. Insurance Services Office Form Number CA 0001 covering Automobile Liability, Code 1 (any auto).
- c. Workers' Compensation insurance as required by the State of California and Employers' Liability insurance.
- d. Builder's Risk (Course of Construction) insurance (or Installation Floater if project does not involve new or major reconstruction) covering "all risks" of loss (ISO Special Form) through final acceptance of the work.
- e. Surety bonds as described below.
- f. ~~Professional Liability (if Design/Build)~~
- g. ***Contractors' Pollution Legal Liability and/or Asbestos Legal Liability (if project involves potential pollution issues)***

C. Minimum Limits of Insurance

1. General Liability: (Including operations, products and completed operations)
 - a. **\$3,000,000** per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the **general aggregate limit shall be twice the required occurrence limit.**
2. Automobile Liability:
 - a. **\$1,000,000** per accident for bodily injury and property damage.
3. Workers Compensation Insurance
 - a. As required by the State of California.
4. Employers Liability Insurance
 - a. **\$1,000,000** each accident, **\$1,000,000** policy limit bodily injury by disease, **\$1,000,000** each employee bodily injury by disease.
5. Builder's Risk:
 - a. Completed value of the project with no coinsurance penalty provisions.

6. ~~Professional Liability:~~
a. ~~\$1,000,000~~

7. **Pollution Legal Liability:**
a. **\$1,000,000**

D. Deductibles and Self-Insured Retentions

1. Any deductibles or self-insured retentions must be declared to and approved by the District. At the option of the District, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the District, its officers, officials, employees and volunteers; or the Contractor shall provide a financial guarantee in the form of a bond satisfactory to the District guaranteeing payment of losses and related investigations, claim administration and defense expenses. Contractor shall be solely and exclusively responsible for the payment of any deductibles, under the required policies of insurance, without adjustment to the Contract Price on account thereof.

E. Other Insurance Provisions

1. The General Liability and Automobile Liability policies are to contain, or be endorsed to contain, the following provisions:
 - a. The District, its officers, officials, employees, and volunteers are to be covered as insureds ("additional insureds") with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of the Contractor; and with respect to liability arising out of work or operations performed by on behalf of the Contractor including materials, parts or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Contractor's insurance, or as a separate owner's policy.
 - b. For any claims related to this project, the Contractor's insurance coverage shall be primary insurance as respects the District, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the District, its officers, officials, employees, or volunteers shall be excess of the Contractor's insurance and shall not contribute with it.
 - c. Each insurance policy required by this clause shall be indorsed to state that coverage shall not be cancelled by either party, except after thirty (30) days prior written notice has been provided to the District.

F. Builder's Risk (Course of Construction) Insurance

1. Contractor may submit evidence of Builder's Risk insurance in the form of "Course of Construction" coverage. In either case, the District shall be listed as an insured under the policy.
2. If the scope of work does not involve new, or major reconstruction, (as defined by the District), at the option of the District, an "Installation Floater" will be acceptable to meet this requirement. For such projects, a property installation

- B. In accordance with General Conditions section 8.2 PROGRESS PAYMENTS, Contractor must submit an updated list (see Exhibit C of the General Conditions) of all Contractor's and his Subcontractor's employees with their DOJ fingerprinting status with their monthly payment application. Failure to include the list with their monthly payment application will be reason to reject the application and delay of payment until the payment application has been submitted as required and accepted by the District.
- C. At time of bid, if Contractor checks box 3) on the "Contractor Certification Regarding Background Checks" form stating he will execute the required Department of Justice application and send the required employees to be fingerprinted, Contractor must provide certification with his first payment application that the required employees were indeed fingerprinted. Failure to provide certification will result in delay of payment until such certification is provided the project's Construction Manager.

6. PROJECT STARTING AND COMPLETION DATES – CONTRACT TIME

Construction for O'Farrell Charter School shall start per Notice to Proceed (NTP), which is incorporated by reference into the contract, shall progress continuously, and be substantially completed no later than ~~July 15, 2015 for Increment 1 and September 15, 2015 for Increment 2~~ **December 1, 2015 for Increment 1 and February 1, 2016 for Increment 2.**

7. STANDARD AND MODIFIED WORK WEEK

A standard work week is defined as Monday through Friday. A standard work day is defined as eight (8) hours worked between the hours of 7:00 a.m. and 7:00 p.m. during a standard work week, as defined in California Labor Code sections 1810 through 1815.

In order to minimize disruption to the teaching environment, the Contractor may be required, at the District's discretion, to have his employees work a modified work week. A modified work week is defined as any forty (40) hour week *other than a standard work week*.

If the Contractor is required to work a modified work week, the work will be performed at *straight time*. No overtime compensation will be authorized, or paid, by the District for a modified work week schedule. See section 17.5.2 of the General Conditions.

8. LOCATOR SERVICES

The Contractor is responsible for locating all existing utility lines on the work site prior to beginning work, and shall not rely on District provided drawings for their location. In addition, the Contractor is responsible for the procurement and payment of any and all locator services necessary to locate existing utility lines.

9. INVOICING AND PAYMENTS

Original invoices shall be submitted to:

San Diego Unified School District
Physical Plant Operations Center
Attn: Linda Weekly
4860 Ruffner Street
San Diego, CA 92111-1522



**Project Stabilization Agreement
Frequently Asked Questions**

1. What happens if a contractor already has a benefit program in place? How does it impact PSA requirements?

Section 5.2(b) of the Project Stabilization Agreement (PSA) states a contractor need not pay into the benefits program directed by the applicable union's trust fund for his core workforce if he can demonstrate that the benefits he provides is equal to or better than the benefits provided by the Schedule A. The PSA Administrator shall make such determination. To be granted an exemption under this section, a contractor should note the following points:

- a. All requests for exemption must be made prior to bidding.
- b. While the PSA Administrator will use its best efforts to make a determination prior to the bid date, it cannot guarantee that its analysis will be completed prior to bid opening. Contractor should be prepared to pay fringes to the union trust fund identified by the Schedule A,
- c. Recognizing that some trust funds cannot accept partial fringe benefit contributions, the PSA Administrator shall evaluate the entire fringe package in making its evaluation. For example, a contractor's superior Health and Welfare plan will not be accepted if the contractor's Pension plan is deemed lesser than the corresponding trust fund plan.
- d. For purposes of evaluating the Pension fringe, defined contribution plans will not be considered to be equal to or better than defined benefit plans.
- e. Each element of each fringe of the contractor's fringe benefit package must mirror or exceed, line by line, the applicable fringe benefit of the union trust fund.
- f. The contractor shall provide all documents explaining its fringe package to the PSA Administrator.
- g. To the extent possible, the contractor shall identify the core employees it intends to employ on the project and describe how its fringe benefit package impacts these employees.
- h. Please note -- these instructions have changed. Instructions dated prior to October 1, 2014 are no longer valid and should be disregarded.

2. What happens if someone lives in Pasadena but is signed on to a union hall in San Diego, which will count as their residence

Section 3.5 of the PSA states that residents of San Diego County, the San Diego Unified School District (SDUSD) and targeted ZIP codes must be given first priority under the PSA. To be considered a resident, one must have resided in SDUSD or the County for one-hundred eighty (180) days prior to the award of Project Work; post office boxes will not be accepted.

3. What are the Target ZIP Codes?

The eleven (11) target ZIP codes from which 35% of the local workforce pool must come are as follows: 92101, 92102, 92104, 92105, 92111, 92113, 92114, 92115, 92116, 92117 and 92139.

4. Are subcontractors and Prime Contractors/General Contractors required to keep track of workers' residencies? Will resumes need to be collected from all workers?

Yes. California Labor Laws already require prime and subcontractors to certify under penalty of perjury that the worker residences they provide on Certified Payroll Reports are true and correct. Resumes are not required to be collected by the PSA.

5. Will manufacturers from outside San Diego be able to bid/subcontract Prop S projects given San Diego residency requirement?

Yes, with a couple of clarifications. First, under Section 2.3(e) off-site manufacture and handling of materials, equipment or machinery are exempt from the PSA. Second, the PSA does not require contractors to be residents

of San Diego. Third, the discussion in section 3.5 of the PSA covers residency goals, not requirements, for workers assigned to PSA covered work

6. Will contractors' performance (with residency/ZIP code goals) on previous projects be used for selection in future bids/evaluations?

Not at this time. Currently, SDUSD does not employ a system for considering prior contractor performance on SDUSD work in the evaluation of bids.

7. What will happen if a Prime Contractor/General Contractor is bidding a contract and a subcontractor chooses NOT to sign a Letter of Assent? Will they have to be signed at bid time?

Section 2.4(b) of the PSA states that the contractor and all subcontractors, regardless of tier, shall sign a Letter of Assent prior to the commencement of work. Currently, SDUSD plans to have prime contractors include Letters of Assent at the time of bid. Listed subs must submit Letters of Assent to SDUSD as a condition of their contract with the prime contractor. Lower tier subs not listed must submit a signed Letter of Assent prior to commencement of work. If a subcontractor refuses to sign a Letter of Assent, such sub will be in violation of its contract with the general contractor and, thus, be ineligible to perform work on the PSA covered project. SDUSD suggests requesting subcontractors' letters prior to bid time.

8. Do all subs, from all tiers, have to sign a Letter of Assent?

Yes. See question 7.

9. Will union halls be referring workers only from San Diego?

Yes, when such workers are available. Section 3.5(a) of the PSA sets a goal that 100% of union referrals be residents of San Diego County and that 70% of those referrals reside within the SDUSD's boundaries. Unions are required to prepare monthly progress reports on the number of SDUSD applicants that have been contacted, recruited and referred to PSA covered work.

10. Will a Construction Management Multiple Prime procurement strategy create additional Prop S projects under the \$1 million threshold?

No. Section 2.2(b) of the PSA explicitly states that the PSA applies to all "prime multi-trade" construction contracts "the total of which" exceeds \$1 million. Also, Section 2.2(c) defines a "project" to which the PSA applies by the amount determined by SDUSD engineer's estimate prior to the submittal of the project to the Division of State Architect. In short, the project qualifies for coverage under the PSA due to its value, not the procurement strategy.

11. Will subcontractors be notified of compliance/non-compliance of PSA requirements? What stakeholders will be notified?

Sections 3.5 (employment of SDUSD Residents), 3.6 (Core Employees), 5.2 (Benefits), 6.7 (anti-work stoppage enforcement) 8.5 (pre-job conference) 9.2 (SDUSD Rights), 9.4 (Special Equipment, Warranties & Guaranties), 10.1 (Cooperation and Harmony on Site), 10.2 (Processing Grievances) and 11.4 (Notice upon Violation of Law) all cover cases of non-compliance in which SDUSD is obligated to notify the noncompliant party and the prime contractor of noncompliance issues.

12. Can referrals from the AGC apprenticeship lists be used to acquire workers under the PSA requirements?

Any apprentice utilized must be enrolled in a California Apprenticeship Council-approved apprenticeship program. To the extent such apprentices are so enrolled, they are eligible to be referred by Unions to PSA covered projects.

13. Will apprenticeship programs be considered acceptable if they are certified/state approved but NOT joint-labor?

Yes, the PSA permits apprentices from state-approved programs to work on PSA covered work.

14. If core employees are residents of San Diego and chosen ZIP codes, but union halls provide labor outside the area, will the Contractor be in compliance if they override union hall referrals as a means to meet “local worker” goals?

Section 3.5 discusses residency goals for PSA covered projects. While Unions are obligated to give an employment preference to workers who reside in particular ZIP codes and to maintain records of these efforts, there are no residency requirements for PSA covered projects. Section 3.3 requires contractors to utilize the Union’s referral procedure. Contractors are not allowed to override this procedure. However, if the Union is unable to refer workers that meet the contractor’s specifications (including residency standards), the contractor may utilize core employees or applicants from another other source who do meet the specifications. Please note that achieving local worker goals is not a compliance issue, per se. The PSA does not provide for, nor does SDUSD have a system of consequences for, failing to meet the goals.

15. Who determines that workers are qualified and will do a good job?

Section 3.2 of the PSA states that the Contractor shall have the right to determine the competency of its employees and shall have the right to reject any employee referred by a Union so long as such rejection is done in good faith.

16. Can a contractor hire/fire any number of workers until they reach core employees that are signed on to union lists?

No. While the Contractor has the right to determine the competency of its employees and has the right to reject any employee referred by a Union, such rejection must be done in good faith. Hiring and firing of union list workers without regard to their qualifications as a means to getting to specific workers is not a good faith practice. The PSA Administrator has the ability to investigate “good faith” violations. Also, fired workers and/or the Union may file a grievance to address this.

17. Can contractors hire/fire workers because they do not work “as well as” core employees?

Yes and no. Section 3.2 of the PSA states that the Contractor shall have the right to determine the competency of its employees and shall have the right to reject any employee referred by a Union so long as such rejection is done in good faith. However, hiring and firing of union list workers is not a good faith method as a means to get a contractor’s core workers. The contractor will have the opportunity to specify the skill and experience of the workers it requires to the applicable Unions at the mandatory Pre-Job Labor Conference discussed in section 8.5 of the PSA.

18. Will the AGC’s fringe benefits package be considered “equal to or greater than” the Union’s?

Section 5.2(b) of the PSA states a contractor need not pay into the benefits program directed by the union’s Schedule A if the PSA Administrator determines the benefits provided are equal to or better than those benefits provided by the Schedule A. The PSA Administrator shall make such determination on a case-by-case basis. To be granted an exemption under this section, a contractor should note the following points:

- a. All requests for exemption must be made prior to bidding.
- b. While the PSA Administrator will use its best efforts to make a determination prior to the bid date, it cannot guarantee that its analysis will be completed prior to bid opening. Contractor should be prepared to pay fringes to the union trust fund identified by the Schedule A,
- c. Recognizing that some trust funds cannot accept partial fringe benefit contributions, the PSA Administrator shall evaluate the entire fringe package in making its evaluation. For example, a contractor’s superior Health and Welfare plan will not be accepted if the contractor’s Pension plan is deemed lesser than the corresponding trust fund plan.
- d. For purposes of evaluating the Pension fringe, defined contribution plans will not be considered to be equal to or better than defined benefit plans.

- e. Each element of each fringe of the contractor's fringe benefit package must mirror or exceed, line by line, the applicable fringe benefit of the union trust fund.
- f. The contractor shall provide all documents explaining its fringe package to the PSA Administrator.
- g. To the extent possible, the contractor shall identify the core employees it intends to employ on the project and describe how its fringe benefit package impacts these employees.
- h. Please note -- these instructions have changed. Instructions dated prior to October 1, 2014 are no longer valid and should be disregarded.

19. How often will staff be doing site visits?

Weekly. SDUSD staff will be conducting weekly site visits at a minimum as part of its responsibilities as a State-approved Labor Compliance Program. Under section 4.1 "authorized representatives of the Union" shall have access to PSA covered work sites. SDUSD is also considering implementing a site visit system that allows volunteers to observe work in progress on the job site.

20. Will advertisements and bid notifications indicate which are PSA projects?

Yes. All advertisements for projects falling under the PSA will be indicated as such.



TO: Prospective Contractors
FROM: George A. Harris III, Contracts Compliance Manager
DATE: October 9, 2014
RE: PSA Section 5.2(b) Fringe Benefits Analysis

The San Diego Unified School District Project Stabilization Agreement (PSA) is a legally binding contract between San Diego Unified School District (SDUSD) and San Diego Building & Construction Trades Council and Southwest Regional Council of Carpenters. The PSA is designed to ensure a sufficient supply of skilled craft workers. This is accomplished through sections on referral, hiring and apprentices. The PSA is also designed to eliminate work disruptions on Proposition S projects.

One of the key features of the PSA is that it establishes a standard for a contractor's relationship with workers by setting basic standards for hiring, dispute resolution, payment of fringe benefits, and utilization of apprentices, among other things. This memo is meant to give guidance to contractors regarding the payment of fringe benefits.

The Project Labor Coordinator, identified in the PSA, is authorized to make determinations on behalf of SDUSD regarding matters requiring interpretation. For such determinations, the combination of the SDUSD staff and personnel from Parsons Constructors Inc. shall implement the functions of the Project Labor Coordinator.

Section 3.6 defines a contractor's "Core Employees" and sets out the rules for employing these workers on Prop S work. These are workers who are not members of a union and for whom the contractor has a prior employment relationship. Under this section a contractor may employ up to three "Core Employees" on PSA-covered work.

Section 5.2 discusses fringe benefits. For non "Core" workers, the contractor is required to pay all fringe benefits contributions required under state and or federal prevailing wage laws to the trust fund identified by the applicable Schedule A. For "Core Employees" the contractor may be exempted from making some or all fringe benefits payments to the trust fund if the Project Labor Coordinator determines that the contractors fringe benefits are "equal to or better than" those designate in the applicable Schedule A.

The procedure that the Project Labor Coordinator will use to make the fringe benefit determination is provided in Exhibit A and is provided to all attendees of SDUSD PSA training sessions. Exhibit A to this memo provides additional information regarding the evaluation process. A contractor must request a determination for each project on which the contractor intends to bid, and must make the request prior to bidding.

Exhibit A

Key Considerations for Bidders seeking fringe benefit exemption under PSA Section 5.2(b)

- a. All requests for exemption must be made prior to bidding.
- b. While the PSA Administrator will use its best efforts to make a determination prior to the bid date, it cannot guarantee that its analysis will be completed prior to bid opening. Contractor should be prepared to pay fringes to the union trust fund identified by the Schedule A,
- c. Recognizing that some trust funds cannot accept partial fringe benefit contributions, the PSA Administrator's shall make its determination evaluate the entire fringe package in making its evaluation. For example, a contractor's superior Health and Welfare plan will not be exempted if the contractor's Pension plan is deemed lesser than the corresponding trust fund plan.
- d. For purposes of evaluating the Pension fringe, defined contribution plans will not be considered to be equal to or better than defined benefit plans.
- e. Each element of each fringe of the contractor's fringe benefit package must mirror or exceed, line by line, the applicable fringe benefit of the union trust fund.
- f. The contractor shall provide all documents explaining its fringe package to the PSA Administrator.
- g. To the extent possible, the contractor shall identify the core employees it intends to employ on the project and describe how its fringe benefit package impacts these employees.
- h. Please note -- these instructions have changed. Instructions dated prior to October 1, 2014 are no longer valid and should be disregarded.